



**STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING**

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TO: Participating Schools and Lenders

FROM: Diane Todd Sprague, Director

DATE: August 23, 2007

SUBJECT: Educational Loan Notes

FEATURED FINANCIAL AID PROFESSIONAL



Wanda McCord

Many careers in financial aid happen quite by accident. This quarter's financial aid professional highlight features another example of how most of us just "fall into" this business. Wanda McCord, financial aid officer at Oakland Community College of Royal Oak/Southfield, began her second career in financial aid in 1988 at Lawrence Technological University (LTU) while pursuing a degree in computer programming. Wanda had decided to go back to school after an initial management career with Michigan Bell/AT&T. While attending LTU she was hired as a secretary in the financial aid office. Wanda caught the financial aid "bug", and computer programming took a back seat to helping students fulfill the dream of a college education. From her secretarial position, Wanda observed and served under a pretty knowledgeable supervisor, Paul Kinder. She was later offered

a position as a financial aid officer in January 1993 and then moved to her current position with OCC at the Royal Oak/Southfield campus.

Wanda feels that helping students complete their education is a noble and rewarding experience. She also enjoys the teamwork and the success stories that come out of the financial aid experience. Related financial aid events such as College Goal Sunday, Pontiac Initiative Outreach, the PASS Workshops, and numerous college night presentations are self-fulfilling for Wanda. There are many rewards for a career in this industry that reach beyond pay and benefits according to Wanda. There aren't too many careers that have the kind of impact on so many people's lives as one experiences as a financial aid officer. Challenges in financial aid are numerous as well. According to Wanda, one of the greatest challenges is interpreting and applying hastily

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imposed federal regulations that have unclear instructions and uncertain impacts on both the students and the financial aid community. If Wanda could change federal policy and regulation, she would refocus the federal administration away from over-regulation of the financial aid process to enforcement of policies in other areas of postsecondary education.

Wanda enjoys the camaraderie with fellow financial aid professionals. Some of her best sources for guidance are her colleagues, Michigan Student Financial Aid Association (MSFAA) members, and associates. She often views the Midwest Association of Student Financial Aid Administrators (MASFAA) Web site as well for industry updates.

The optimal campus configuration for Wanda would be a central processing center for multi-campus schools. She often assists the other four OCC campuses when needed. She is thankful that the school has progressed technologically through products such as Datatel Colleague and Nelnet's Nteract. She also feels that students' participation in the Michigan Students First program is a great benefit to them.

If Wanda's career would have taken a different path, she feels it would have been in teaching, not surprising given her love for education and desire to help others achieve. Looking forward, Wanda's retirement goals are simple – rest and travel with her husband and two children.

Wanda has such a positive personality it is easy to see why any student would feel comfortable sitting down with her for counseling. She is also someone you may want to consult with when you are stuck in the regulatory "mud". And if you want added entertainment during a Michigan Guaranty Agency (MGA) workshop, look for Wanda and grab a seat beside her – it will be fun!

FINANCIAL AWARENESS PRESENTATION RESULTS FROM MGA'S DEFAULT AVERSION SYMPOSIUM

Perhaps you attended one or more of the [Default Aversion Symposia](#) that MGA offered in the past two years. If so, you had the opportunity to listen to industry professionals, experts from other schools, and your peers in financial aid. Now you may be looking back at all that information and

wondering what you could do differently to curb defaults and raise awareness of financial planning. Well, one of your peers did all of that and is willing to share her hard work and experience with you!

Ann Elinski, senior advisor in financial aid at Eastern Michigan University, created a PowerPoint presentation to use in promoting financial awareness. It is designed to reach high-risk students (based on the school's academic and financial profile) and student organizations that seek to build character and financially responsible adults. A student-based group of 30 individuals on campus were the first to view the presentation entitled, *Financial Awareness*. The presentation is designed to prompt discussions and create interaction among the participants. Storytelling, with examples of real life situations, set the tone for discussions that focus on making responsible decisions regarding student finances. The focus of this hour-long workshop is self-discovery about how students presently manage money and ways they can change to improve their chances of being in the position to repay loans promptly. Ann used ideas from the Life Skills financial literacy program offered by MGA, the [Jump\\$tart Coalition](#), and MasterCard to produce this helpful resource.

This presentation comprehensively tackles debt management with a dose of reality about jobs, lifestyle, spending habits, goal focus, establishing good credit, and consequences of making poor decisions that can affect students' lives for many years. As this presentation becomes integrated into multiple avenues of student groups, EMU hopes to impact high risk students and continue the decrease in the number of delinquent and defaulted borrowers.

Ann is happy to discuss the presentation if you have any questions. She may be contacted at 734-487-0469 or via email at ann.elinski@emich.edu. The [Financial Awareness presentation](#) is available on MGA's Web site in the [Default Aversion Resources Database](#) under Basic Financial Literacy. If you would like any material from the Default Aversion Symposium series, Life Skills materials, or any default prevention and debt management resources, contact your MGA School Services representative at 1-800-642-5626, extension 36074.

MGA'S OUTREACH SERVICES PARTICIPATES IN GEAR UP COLLEGE DAY PROGRAMS

Outreach Services staff was invited back to Michigan State University (MSU) in July to conduct the Extreme Reality program for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) students attending MSU's College Day Programs. About 140 seventh grade students participated in the Extreme Reality program at MSU which included information on career planning, financial management, and lifestyle choices. Information on state of Michigan scholarships, grants, and financial aid were provided as well.



GEAR UP students make budget decisions during Extreme Reality program at Michigan State University.

GEAR UP grant funds are provided by the U.S. Department of Education. The purpose of the six-year grant is to help prepare and increase the number of low-income students who enter into postsecondary education. The grant targets students attending schools in which 50 percent or more are eligible for the free or reduced lunch program, however all students in the class will receive services regardless of economic status. The GEAR UP cohort began in fall 2006 with seventh grade students, and those students will continue to receive services through graduation from high school.

The GEAR UP grant program includes a collaborative, statewide partnership with Michigan's 15 public universities, the Michigan Department of Treasury, Partnership for Learning, the University of Michigan School of Social Work, and Michigan's K-12 school system.

For more information regarding the Extreme Reality Program, please contact Peggy LaFleur at extension 38319 or via email at lafleurp@michigan.gov or Betty Calloway at extension 39639 or via email at callowayb@michigan.gov.

**NEW TEACHER LOAN FORGIVENESS
REQUEST FORM AVAILABLE
ON MGA WEB SITE**

The FFELP [Teacher Loan Forgiveness Request](#) (TLF) form was developed by the National Council on Higher Education Loan Programs (NCHELP) Default Aversion and Claims Standardization Committee (DACS) to be used as a “claim” form to accompany a Teacher Loan Forgiveness Application received from the borrower. Lenders and lender servicers need to complete sections A through C of the request form and forward it to MGA with the TLF application. MGA then determines if the borrower meets the eligibility requirements, completes section D, and returns the form to the lender or lender servicer with the forgiveness payment or the reason for denial.

To access the form and instructions, go to our Web site at mgaloan.com, select the Lenders/Service/Partners link on the left, select Lender Resources, and then Lender Forms and Documents. Under the heading Claim and Guarantor Assistance Forms, the TLF Request form is the last form in the list with an August 2007 revision date.

The Teacher Loan Forgiveness Application and Forbearance forms that borrowers complete are in the initial comment phase of the revision process as use of the forms will expire on November 30, 2007. The NCHelp Program Operations Forgiveness Forms Workgroup is facilitating this revision, but the current forms may continue to be used until their use is extended or revisions are approved.



THE “ED” PIPELINE

Following is a description and link to some of the most recent ED correspondence for schools and lenders.

Dear Partner

July 2007

[ANN-07-16](#)

This letter announces Federal Student Aid’s (FSA) online, instructor-led training sessions on the Fiscal Operations Report and Application to Participate (FISAP) form. Topics covered include essential information on each section of the FISAP, discussion on the most common errors in completing the FISAP, and current changes to the FISAP. There will also be time for questions and answers.

Dear Partner

June 2007

[ANN-07-15](#)

This letter announces FSA’s online, instructor-led training sessions on Expected Family Contribution (EFC) Calculation training. Topics covered include calculating the expected family contribution using all three federal methodologies, the factors that affect the EFC, and using professional judgment. This session will provide case study opportunities to calculate the EFC for a variety of students.

LENDER LIST UPDATES

School personnel continuing to use their paper copy of MGA’s “Participating Lender List” should record the following actions on the list dated May 4, 2007. Please make the appropriate changes in all sections of the list as needed.

To access the most current lender information and eliminate the need for manual updates, use the electronic version of MGA’s “Participating Lender List” available at mgaloan.com. From the MGA Quick List, click on the Forms/Documents dropdown menu to link to the Participating Lender List.

If you have any questions regarding these updates, please contact Pat Fromm at extension 36076 or via email at frommp@michigan.gov.

Newly Participating Lender

National Education ELT Zions Bank, 834378, c/o National Education Servicing, 200 W. Monroe, Suite 700, Chicago, IL 60606. Telephone: 800-345-4325.

Note: This lender is buying down the remaining 25 percent of the Federal Default Fee.

Lender Name Change

Nelnet Health Solutions, 833874, has changed its name to AMSA Advantage Loan Program.

SCHOOL LIST UPDATES

The following changes should be recorded by lenders on MGA’s “Active Michigan School List” dated July 27, 2007. If you have any questions regarding these changes, please contact our School Services Unit extension 36074.

Contact Information Update

Chic University of Cosmetology, Grand Rapids, 008178-00

Anna Halicka’s new email address is anna.halicka@empire.edu.

Davenport University, Grand Rapids, 002249-00

The contact person for this location is David DeBoer, Director of Financial Aid and Admissions. David’s telephone number is 616-732-1132 and email address is david.deboer@davenport.edu.

Northern Michigan University, Marquette, 002301-00

The contact person is Michael Rotundo, Financial Aid Director. Michael’s telephone number is 906-227-1575, fax number 906-227-2321, and email address is mrotundo@nmu.edu.

“Q” AND “A”**PROGRAM REVIEWS****What is a program review?**

Guarantors are required by federal regulations to conduct comprehensive biennial program reviews of certain schools and lenders participating in the Federal Family Education Loan Program (FFELP). At their discretion, guarantors may also elect to review third-party servicers as well. Program reviews are conducted to assess the administrative and financial capability of schools, lenders, and servicers within FFELP.

What areas will the guarantor look at when they conduct a program review?

A program review measures the school's compliance with all applicable requirements regarding FFELP participation and administration in relation to the Higher Education Act of 1965, as amended, Federal Regulations 600, 688, and 682, and guarantor-specific policies and procedures.

What criteria are used to determine which schools are selected for a program review?

A guarantor must use prescribed federal requirements when considering entities for a program review. A guarantor may also use any other criteria that it considers pertinent to the efficient and effective administration of FFELP. However, guarantors **must** perform a biennial program review of each school in any state in which it is the primary guarantor (i.e., Michigan) that has had a cohort default rate exceeding 20 percent for either of the two most recent cohort years.

If my institution has a cohort rate above 20 percent, but a very small loan volume amount, is it exempt from the above requirements?

Yes, if a school has a cohort default rate exceeding 20 percent, but has less than \$1 million in loans entering repayment in each of the two applicable years, it may be exempt from the above requirement. Additionally, a school may be exempt from a program review if ED has already required the school to follow specific default reduction measures due to the high cohort default rate.

What are the specifics regarding “other criteria” that a guarantor may consider pertinent in the decision to perform a program review of a school?

Other criteria may include length of time since the last audit, loan volume trends (substantial increases or decreases), or evidence of regulatory violations or potential fraud or abuse in its FFELP participation. Complaints from lenders, borrowers, or students may influence a decision to conduct a program review. Additionally, weaknesses identified during the process by which schools first obtained FFELP eligibility could generate a program review.

What is the program review process?

A program review consists of four distinct phases. First there is a preliminary review. This is followed by an on-site review. Then a program review report is issued. The final step is the review closeout.

(Continued on the next page.)

Is FFELP the only program that requires periodic program reviews?

No. Auditors from MGA perform program reviews for FFELP as well as state programs. Other programs that are subject to review at the time of a FFELP review include:

- Michigan Campus-based Programs
- Adult Part-Time Grant (APTG)
- Michigan Competitive Scholarship (MCS)
- Michigan Educational Opportunity Grant (MEOG)
- Michigan Merit Award (MMA)
- Michigan Nursing Scholarship Program (MNS)
- Michigan Promise Scholarship
- Michigan Tuition Grant (MTG)
- Michigan Tuition Incentive Program (TIP)
- Michigan Work-Study (MWS)
 - Undergraduate
 - Graduate

The Student Financial Services Bureau hopes that combining these program reviews reduces the redundancy required to make arrangements for separate audits throughout the year. Additionally, schools have a single point of contact for all program review questions.

Where do I learn more about program reviews?

You may learn more about program reviews by reading Chapter 17 in the *Common Manual*, including what to expect at each phase of the program review. Additionally you may contact Sam Duncan, Audit and Program Review, at extension 56770 or via email at duncans@michigan.gov.



Calendar of Upcoming Events

September 2007

3 MGA Offices Closed

October 2007

7-10 MASFAA Conference
Renaissance Hotel
St. Louis, Missouri

30-Nov 2 Federal Student Aid Conference
(formerly known as EAC)
Sheraton New Orleans
New Orleans, Louisiana

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944 or via email at petersonj@michigan.gov.